

that's quite correct. I think to have some kind of a sliding scale where you get a proportion between a certain number, you ought to have that in place to keep people from trying to skirt the laws or to keep people from actually stopping their income after they get to a certain point to hold onto the exemption. That's what our old law said. So what the amendment does is offer a very compact sliding scale that says if your income is between \$10,100 and \$11,100 there are about four different brackets in there whereby you get a 100 percent exemption, 80 percent, 60 percent, 40 percent, 20 percent, and by the time you get to \$11,100, you will be at zero percent. Now by putting that sliding scale, I'll call it a weaning off process, by putting that sliding scale in place, it is going to add more people that will become eligible for the homestead exemption, more than what 1105 allows for. Those people that are making incomes of \$10,400 and above up to \$11,100 will be getting a partial exemption under this amendment. They get none under the present form of 1105. That's one part of the amendment. The other part is a completely different issue and that deals with the amount of reimbursement we as a state give back to the subdivisions of government as reimbursement for their lost property tax. Right now the county assessor files with the state the qualified applicant for homestead exemption, sends it to the state. We as a state reimburse that county 100 percent of that exemption and the county then distributes that money over their regular distribution system to schools, cities, NRDs, the counties themselves and all the other taxing districts. We do that a 100 percent. Our cost this year is right at \$31 million to the state. What this amendment does in the second part is say we would like to have the subdivisions of government share in that cost to the tune of 5 percent. By doing that we allow our sliding scale to be put in place. We allow the increase to happen out of 1105 as amended and we allow that the state does not lose \$1,600,000 because of the federal tax changes. We save the state a little over a million dollars. That is what the amendment does, puts a sliding scale back in, more compact, it's only a thousand dollar range, than what used to be the scale, and it requires the subdivisions of government to only be reimbursed 95 percent of their property tax loss as opposed to currently 100 percent. With that, I will submit the amendment.

PRESIDENT: Senator Hall, you are next followed by Senator Labeledz, but may I introduce some guests please in the north balcony. Senator Lowell Johnson has 43 fourth grade students